

NOV 26 1960

Approved For Release 2000/08/27 : CIA-RDP75-0

WARN U. S. CAN BE INFERIOR TO REDS BY '70

Experts Tell of Rapid Soviet Growth

Washington, Nov. 25 (UPI)—A report prepared for the army by a Johns Hopkins university group said today that Russia's rapid economic growth threatens to make the United States an inferior power within 10 years.

The report, covering an issue that figured prominently in the recent Presidential election campaign, said the American people have a right to be alarmed about the relative status of their country and Russia.

It also asserted that United States policy makers could reverse the present trend—without huge new federal spending. It said “modest changes in United States growth policies could bring substantial progress toward matching Russia's cold war activity.”

Kennedy Charged Lag

The report, entitled “The Cold War Economic Gap—A Threat of Inferiority of United States Power,” was one of two released by the army in response to Democratic pressure that started during the election campaign of President Elect John F. Kennedy.

Kennedy had charged that the United States was in danger of becoming a second rate power and that Eisenhower administration officials were not sufficiently alert to the possibility. He called for steps to increase United States economic growth.

The second report released today, titled “Air Raid Warning in the Missile Era,” found that the United States warning systems against Russian missiles are basically inadequate. Both studies were completed last summer by the operations research group of Johns Hopkins university.

Lack Army Approval

The army emphasized that the conclusions in the economic study did not have army approval, “either expressed or implied.” It said the conclusions will be used by the army as a “readily available source of published data on economic matters.”

The authors of the report, John T. Hardt and C. Darwin Stolzenbach, economists, described their study as an analysis of economic facts presented in congressional testimony, chiefly by Allen W. Dulles, head of the central intelligence agency.

They noted that Dulles had described as “tranquillizers,” those who take an optimistic view of the economic future. In agreeing, the report said that such people “tend to discourage alarm among United States policy makers and the United States people” when such alarm is “justified by the data and other evidence on the Russian economy.”

Cites Russia's Growth

The report said Russian production is now only half that of the United States, but is growing twice as fast. It said the idea that Soviet growth may slow down in the next 10 years is a “scotch verdict—not proven” and warned that “technological improvements might well lead to an acceleration in the rate of Russia's industrial growth.”

Russia already is spending as much on its military forces as the United States, it said. If present productions are maintained, it added, Russia will be spending 72 billion dollars by 1970 and the United States 46 billion.

4 Pct. Gain Held Possible

In asserting that the United States had it within its power

FOIAb3b

CPYRGHT

CPYRGHT